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**REMARKS****I. INTRODUCTION**

New claims 27-30 have been added. Claims 6-11, 15 and 18 have been canceled. Claims 1-4, 12-14, 16, 17 and 20-24 have been amended. No new matter has been added. Thus, claims 1-5, 12-14, 16, 17 and 19-30 are pending in the present application. In view of the above amendments and the following remarks, it is respectfully submitted that all of the pending claims are allowable.

**III. THE CLAIM OBJECTIONS SHOULD BE WITHDRAWN**

Claims 1-14 and 16-26 have been objected to by the Examiner. Specifically, the examiner objects to: the use of conditional language regarding a purchase by a consumer; the timing of the granting of a discount; uncertainty regarding who performs the accepting of the discount; and other details of a cross-marketing relationship. (See 8/16/06 Office Action, pp. 2 - 5). In view of the amendments to the claims, it is respectfully requested that this objection be withdrawn.

**III. THE 35 U.S.C. § 102(e) REJECTIONS SHOULD BE WITHDRAWN**

Claims 1, 3-14 and 16-26 stand rejected under 35 U.S.C. § 102(e) as unpatentable over U.S. Patent No. 6,741,968 to Jacoves et al. ("Jacoves"). (See 8/16/06 Office Action, p. 5).

Jacoves describes a fuel rewards system instituted among a store chain which uses a clearinghouse to process information. (See Jacoves, col. 1, lines 56-60). A rewards provider dictates all aspects of a rewards program by providing UPC and associated information for discount triggering items to a central office of the store chain. (Id. at col. 17, line 62 - col. 18, line 4). The central office transmits this information to one or more stores that provide a customer

with a reward redemption slip when the customer purchases a discount triggering item specified by the rewards provider. (*Id.* at col. 18, lines 4-10). The customer then redeems the reward at a gas station, which may or may not be located at the same point-of-sale terminal as the one where the slip is given. The reward is a discount on gas and when redeemed, the clearinghouse provides an invoice to the manufacturer of each discount triggering item to compensate the gas station. (*Id.* at col. 4, lines 19-40).

Claim 1 recites a method for cross marketing products, comprising the steps of:

establishing a parameter of the cross-marketing relationship by mutual consent of the first and second companies, the parameter including a discount on a second product offered by the second company, the discount contingent upon a condition at least partially satisfied by a purchase of a first product offered for sale by the first company;

at the first company, identifying a straight sale that includes the purchase of the first product by a particular consumer at a first point-of-sale terminal, granting the discount and storing an indication of the purchase of the first product in a database on the server;

at the second company, receiving a request from the particular consumer for the second product, querying the database to determine that the particular consumer has purchased the first product from the first company, providing the discount on the second product, and updating the database to reflect the providing;

based on the first product being a cross-marketed product, calculating and recording an amount of cross-marketing revenue realized from a predetermined portion of the cost of the straight sale to a marketing fund account in the database; and

based on the providing of the discount, allocating at least a portion of the cross-marketing revenue and a predetermined portion of the cost of the discount in the fund to reimburse the second company for the discount.

As recited in claim 1, after completing the first purchase at the first company, a consumer is awarded a discount on a second product at the second company. The first company contributes a predetermined dollar amount to the marketing fund account which is used to reimburse the second company for the discount on the second product. In a bilateral cross-marketing relationship, the first company derives incremental revenue from a straight sale and an incremental referral sale. A percentage of the straight sale represents the discount the first company would have otherwise given a customer if the first company were not part of an alliance marketing network. That is, by tying promotions to slow-moving products, the first company eliminates the need to steeply discount the products. In addition, if a customer is driven to the first company by the second company, the customer may, in the process of redeeming a discount, also purchase additional items, resulting in incremental referral sales revenue. As compensation for discounts redeemed at the second company, the first company contributes to a marketing fund by providing a percentage of each of: the straight sale, the incremental referral sale and the cost of the discount.

Jacoves differs from the present invention in several respects. Initially, the Applicants note that Jacoves is not directed towards a relationship between two companies offering respective products for sale, but rather a relationship between a rewards provider and a manufacturer of a discount triggering product. According to Jacoves, a customer may go to a second point-of-sale terminal to redeem a discount that is unilaterally selected by the rewards provider. In contrast to "establishing a parameter of a cross-marketing relationship by mutual consent" of the two companies, Jacoves teaches that the rewards provider selects the products that trigger discounts. (See Jacoves, col. 17, lines 58-65). The manufacturer has no control over whether the rewards provider chooses to select the product.

Furthermore, Jacoves provides no indication or suggestion of "calculating and recording an amount of cross-marketing revenue realized from a predetermined portion of the cost of the straight sale to a marketing fund account." The reimbursement that Jacoves describes is strictly

between the manufacturer and the rewards provider. The store where the product is purchased does not record any cross-marketing revenue from the sale of the product. Neither does the store itself provide the reimbursement. The fact that the manufacturer only reimburses the rewards provider for the face value of the discount itself reveals that the system taught by Jacoves is not in fact, a cross-marketing arrangement. According to claim 1, in addition to compensating the second company with "a predetermined portion of the cost of the discount," the second company is also compensated by "allocating at least a portion of the cross-marketing revenue." Jacoves does not provide any such compensation because the manufacturer-provider relationship does not entail driving the customer to each other by providing discounts that can be redeemed at the other company. Therefore, there is no reason to reimburse the rewards provider using a portion of the sale of the discount triggering products.

Based on the reasons discussed above, it is respectfully submitted that Jacoves neither discloses nor suggests "establishing a parameter of the cross-marketing relationship by mutual consent of the first and second companies" and "calculating and recording an amount of cross-marketing revenue realized from a predetermined portion of the cost of the straight sale to a marketing fund account" and "allocating at least a portion of the cross-marketing revenue and a predetermined portion of the cost of the discount in the fund to reimburse the second company for the discount," as recited in claim 1. Because claims 3-5 and 12 depend from, and, therefore include the limitations of claim 1, it is respectfully submitted that these claims are also allowable.

Claim 13 recites "establishing a parameter of the cross-marketing relationship by mutual consent of the first and second companies" and "based on a providing of the discount to the consumer, depositing a predetermined amount of money into a marketing fund account maintained at the server for the benefit of the second company in at least partial compensation for providing the discount" and "wherein the amount of money deposited into the marketing fund account includes a predetermined percentage of revenue realized from the purchase of the first product and a predetermined percentage of the cost of the discount." It is respectfully submitted that claim 13 is allowable for at least the reasons discussed above with reference to claim 1.

Because claim 14 depends from, and, therefore includes the limitations of claim 13, it is respectfully submitted that this claim is also allowable.

Claim 16 recites "establishing a parameter of the cross-marketing relationship by mutual consent of the first and second departments" and "based on a providing of the discount to the consumer, depositing a predetermined amount of money into a marketing fund account maintained on the server for the benefit of the second department in at least partial compensation for accepting the discount" and "wherein the money deposited into the marketing fund account for the benefit of the second department amounts to a predetermined percentage of revenue realized from the purchase of the first product and a predetermined percentage of the cost of the discount." It is respectfully submitted that claim 16 is allowable for at least the reasons discussed above with reference to claim 1.

Claim 17 recites "establishing a parameter of the cross-marketing relationship by mutual consent of the first and second companies" and "recording an amount of cross-marketing revenue realized from the straight sale to a marketing fund account, wherein the marketing fund account is structured to defray the second company's costs in dispensing products in conjunction with a first promotional discount value earned by the purchase of the first company's products, and the first company's costs in dispensing products in conjunction with a second promotional discount value earned by the purchase of the second company's products. It is respectfully submitted that claim 17 is allowable for at least the reasons discussed above with reference to claim 1. Because claims 18-26 depend from, and, therefore include the limitations of claim 17, it is respectfully submitted that these claims are also allowable.

New claims 27-30 respectively depend from claims 1, 13, 16 and 17. It is respectfully submitted these claims should be allowable for at least the same reasons discussed above with reference to claims 1, 13, 16 and 17.

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CONCLUSION

In light of the foregoing, Applicants respectfully submit that all of the pending claims are in condition for allowance. All issues raised by the Examiner having been addressed, an early and favorable action on the merits is earnestly solicited.

Respectfully submitted,

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